

(Date Received by IADD:)

**FOR IADD USE ONLY**

Application Approved \_\_\_\_\_ Project Number: \_\_\_\_\_  
Amount Approved \_\_\_\_\_ \$50 Fee Received: \_\_\_\_\_

## Beginning Farmer Loan Program Application

(To be completed by the applicant -- please print or type all information)

Note: Approval of this application does not constitute final loan approval. If prior to closing, it is discovered that the Project, in whole or in part, is ineligible for tax-exempt financing, or if the Project should become ineligible, the Authority may refuse to complete loan processing or reduce the loan amount.

**PLEASE NOTE: This application is a publicly available document.**

**1. Type of application** PLEASE CHECK ONE: ☒ Bank Loan **or** ☐ Contract Sale **or** ☐ Individual Investor

**2. Name of applicant** John Q. Farmer Spouse Mary Q. Farmer  
Address: 1234 Johnson Road Telephone (000)123-4567  
City Oxley State IA Zip 50000 E-mail: jfarmer@email.com  
Age (for statistical purposes) 35

**3. Bond Purchaser** Oxley State Bank & Trust (bank, contract seller or individual investor)  
Contact Person: Oscar W. Woods Telephone (000)890-0000  
Address 5678 N State Street Fax (000)890-0001  
City Oxley State IA Zip 50000 E-mail: oscar.woods@osbt.com

**4. Purpose of Project** (Please address all issues below:)

- ☒ Purchase land: Total Acres 120 Tillable Acres 115 CRP Acres \_\_\_\_\_  
Estimated value of house \$ 30,000 (A dwelling & CRP acres may limit eligibility—see Program Summary)  
Estimated value of out-buildings \$ 8,000 (An appraisal is required if property has a dwelling or outbuildings)  
☐ Purchase machinery \_\_\_\_\_  
☐ Purchase livestock (what and how many) \_\_\_\_\_  
☐ Make building or other farm improvements of \_\_\_\_\_  
Who owns property where improvements are to be made \_\_\_\_\_  
If constructing hog/livestock buildings, who will own animals in building? \_\_\_\_\_  
(If applicant will not own hogs/livestock, send copy of feeding contract and/or contact the Authority concerning contract feeding arrangements)

**5. Financing of Project** (Contributions by applicant, lender or contract seller and IFA:)

	Land Purchase	Livestock Purchase	Machinery Purchase	New Farm Improvements	Total Project
Down payment by applicant	\$ 42,105	\$	\$	\$	\$ 42,105
Financed by lender/contract seller - BFLP bond	\$ 500,000	\$	\$	\$	\$ 500,000 **
Farm Service Agency (FSA)	\$ 300,000	\$	\$	\$	\$ 300,000
From other sources: _____	\$	\$	\$	\$	\$
IADD Loan Participation	\$	\$	\$	\$	\$
<b>TOTAL COST OF PROJECT:</b>	<b>\$ 842,105</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 842,105</b>

**\*\*Loan closing fee of 1.50% of the first \$250,000 and 0.75% over the \$250,000 amount of the BFLP bond (loan) closed.**

**6. Location of Project**

- a. List the county and township names with section numbers (e.g. Section 26, Bristol Township, Any County, IA)  
Section 24, Green Township, Brown County, Iowa
- b. Location by road from nearest town: (Example - 4 miles north of Anytown, IA on State Highway 175). **Roads must be identified, unless they are unmarked gravel roads, then state as such.** 1/4 mile south of Oxley, Iowa on State Highway 84, then 2 miles south on Lake Avenue
- c. Will the project consist of the construction or acquisition of buildings, structures or other immovable property, including remodeling of or additions to existing structures? (If NO, go to #7) ☒ YES ☐ NO  
Will the Beginning Farmer be the sole owner of the land where the project will be located? ☒ YES ☐ NO  
If NO, will applicant have a long-term lease for the length of the loan? ☒ NA ☐ YES ☐ NO

**7. Seller of Property** Leonard and Janet Bloomfield

Address 4455 S 3<sup>rd</sup> Street

City Oxley State IA Zip 50000 Telephone (000)333-4444

- a. Please indicate if you are acquiring the "Project" directly or indirectly from a related person: ☐ YES ☒ NO  
If YES, please explain the relationship. \_\_\_\_\_

**NOTE: Contract sales are not allowed between the beginning farmer and their grandparents, parents, children or siblings. Cash/bank loans are permitted with these relatives, but the Authority's Fair Market Value Certificate and Related Person Certificate must be completed.**

- b. Please explain if you have begun to acquire or construct any part of the "Project" for which you are requesting a loan; have entered into any contract or purchase agreement (installment or otherwise) in connection with the construction or acquisition of the "Project," or have begun off-site fabrication or acquisition of any portion of the "Project." \_\_\_\_\_

**NOTE: Down payments made more than 60 days prior to approval of the application will not be eligible for bond financing.**

**8. Previous tax-exempt financed projects**

Have you, your spouse, minor children or any related person received tax-exempt financing of any kind in any state?

☐ YES ☒ NO If YES, please explain. \_\_\_\_\_

**9. What is the net worth of the beginning farmer (including spouse and minor children)?** \$ 249,655

**NOTE: A financial statement is also required of any partnership, corporation, or other entity, etc. in which the beginning farmer has a financial interest.**

Is a current personal financial statement taken within 30 days of submission of the application, witnessed by a bank officer and signed by all applicants enclosed? ☒ YES ☐ NO

(Please attach a copy of the financial statement and detailed list of machinery owned.)

**PROPOSED LOAN TERMS FOR IADD BOND**

(Complete questions 9-10 with your lender, contract seller, or individual investor, whichever is applicable.)

**10. What are the proposed loan or contract sale terms?**

- a. Tax-exempt interest rate: Fixed: \_\_\_\_\_ percent (%) **OR** Variable: 4.00 percent (%)  
If variable rate, indicate specific index used: (Example--80% of bank's prime rate, such prime rate currently is 11% to be adjusted semi-annually). 75% of Oxley State Bank's base lending rate, fixed for the first 10 years then adjusted on every third year anniversary

- b. Total term: 30 years.

- c. Repayments: ☐ monthly, ☐ quarterly, ☐ semi-annually, ☒ annually **OR** ☐ other (specify below)

Amount \$ 48,699.02

Does this amount include interest? ☐ YES ☐ NO

- d. Proposed Date of Closing: June 1, 2014

- e. First payment due date: June 1, 2015

- f. Call options as follows: Call option at the end of each 10 year period

**OR** balloon \_\_\_\_\_ amount of balloon \$ \_\_\_\_\_

**NOTE: Balloon will automatically end tax exemption -- See Program Summary.**

**11. Previous and Present Land Owned (If your answer to 11a is no, skip to question 12.)**

- a. Have you, your spouse, or minor children ever directly or indirectly owned any farmland?

☒ YES ☐ NO

**Note: The following are examples of indirect land ownership:**

- 1) ownership of a beneficial interest in a trust which in turn holds land.
- 2) ownership of shares in a family farm corporation which owns land.
- 3) a remainder interest in land which is subject to a life estate in another person.

- b. Describe each parcel of land presently or previously owned by county location, size, and the time period during which you owned it. (If the ownership is indirect, also describe the means of ownership and the total amount owned, for example, "I have a one-fourth beneficial interest in a trust; the trust holds a total of 200 acres"):

Brown County, Iowa, 30 acres, owned 3 years, \$240,000 value

- c. Have you, your spouse, or minor children done any of the following:

- 1) performed physical work on the land?
- 2) participated in management decisions about operations on the land?
- 3) provided regular advice and consultation on the business operations on the land?
- 4) regularly inspected production activities on the land?
- 5) directly or indirectly advanced funds or paid a substantial portion of the operating expenses for operations on the land?
- 6) lived on the land?

1) ☒ YES ☐ NO

2) ☒ YES ☐ NO

3) ☒ YES ☐ NO

4) ☒ YES ☐ NO

5) ☒ YES ☐ NO

6) ☐ YES ☒ NO

- d. Please describe the degree of your involvement in each activity, the frequency of your involvement and the length of time over which your involvement occurred. **(Use additional sheets if necessary):** Have farmed this land for the past 3 years

- e. Have you disposed of any of these parcels of land?

e) ☐ YES ☒ NO

If **YES**, please identify the parcel(s) and the approximate date disposed: \_\_\_\_\_

- f. Did you, your spouse or minor children recognize income, for federal income purposes, as the result of cancellation of indebtedness with respect to any of the parcels disposed?

f) ☐ YES ☒ NO

If **YES**, identify the parcel(s) with respect to which income was recognized: \_\_\_\_\_

**12. Management and Labor of Project will be provided by: John Q. and Mary Q. Farmer**

- a. Will any of the labor be performed by or management provided by individuals or entities other than the Applicants?

☐ YES ☒ NO If **YES**, please describe: \_\_\_\_\_

- b. Will any portion of the Project be used in connection with any new or existing farm partnership, farm corporation, limited liability company, or other formal or informal joint farming venture, including contract feeding arrangements?

☐ YES ☒ NO If **YES**, please describe: \_\_\_\_\_

- c. Will any of the applicants work off the farm?

☒ YES ☐ NO If **YES**, amount of non-farm income anticipated: \$ 20,000 Annually

Where will he/she be employed? Brown County Hospital

Explain any other related details to non-farm income \_\_\_\_\_

- d. Please explain what your farming operation will consist of and include the new project:

Crop acres on owned land: 145 acres

Crop acres on cash rented land: 200 acres

Crop acres on crop-share rented land: 90 acres

Owned livestock operation: \_\_\_\_\_

Contract-feeding livestock operation: \_\_\_\_\_

Other farm operations: \_\_\_\_\_

## CERTIFICATIONS OF APPLICANT

(To be completed by beginning farmer applicant/s)

In submitting this application, I, the undersigned Beginning Farmer, have read the following statements and hereby certify and agree that:

1. I will be a permanent resident of the state of Iowa at the time of bond issuance. ☒ True ☐ False
2. I have sufficient education, training or experience in the type of farming for which this loan is requested. ☒ True ☐ False  
**Attach a background letter describing the education, training or experience of you and your spouse as it relates to farming.**
3. The Project shall be used only for farming by myself, my spouse, and/or minor children, and we will perform the labor and provide the management needed to use the Project for farming. ☒ True ☐ False
4. None of the proceeds of the loan shall be used for the refinancing or restructuring of any existing indebtedness in whole or in part, working capital, operating purposes or for inventory or supplies for the Beginning Farmer or any related person. ☒ True ☐ False
5. I have or will have access to adequate working capital, farm equipment, machinery or livestock (if the loan proceeds are to be used to acquire agricultural land), and I have or will have access to adequate working capital or agricultural land (if the loan is to be used to acquire depreciable agricultural property). ☒ True ☐ False
6. I agree the loan may not be assumed by another person without the Authority's prior approval and then only if the purchaser of the property is an eligible applicant for an BFLP loan. I presently plan to retain the property financed by the loan for the term of the loan; however, I understand equipment and other depreciable property may be exchanged or traded in on similar property, and other property such as breeding livestock may be added or substituted as collateral at the discretion of the Lender without prior approval of the Authority. I also understand that the benefits of the loan, made at the tax-exempt rate from the proceeds of an BFLP bond, must be retained by myself, and no person to whom property is traded or otherwise transferred may obtain the benefits of the BFLP loan. ☒ True ☐ False
7. I understand and agree that I am responsible for submitting an application fee with this application and a loan closing fee of 1.50% on the first \$250,000 and 0.75% on any amount over the \$250,000 to the IADD at the time of loan closing; such fees will be used for expenses of administering the Individual Agricultural Development Bond Program. ☒ True ☐ False

All of the information I have provided in the application is true and complete. Also, I understand this application and any of the documents prepared or submitted in connection with it or the loan referred to hereon are "public records" as defined in Section 22.1 of the *Iowa Code* and are subject to examination, copying, publication or other dissemination by any person.

00/00/000

Date

John Q. Farmer

Signature of Beginning Farmer

Mary Q. Farmer

Signature of Beginning Farmer's Spouse

## CERTIFICATIONS OF BOND PURCHASER

(To be completed by Lender, Contract Seller, or Individual Investor)

The undersigned Bond Purchaser has read the following statements and hereby certifies that:

1. All of the proceeds of the bond will be used for the acquisition, construction, reconstruction, equipping and installation of land, or property of a character subject to the allowance for depreciation under Section 167 of the Internal Revenue Code.
2. To the best of the bond purchaser's knowledge, each of the Certifications of the Applicant and all other information with respect to the project or applicant set forth in this application is true and correct.
3. The proceeds of the bond will not be used to provide working capital or finance inventory, supplies or other operating expenses for the applicant or any related person, or be used to refinance or restructure any portion of existing indebtedness.
4. The Bond Purchaser requests the Authority to issue and sell its bond to the Bond Purchaser for the purpose of financing the project to the extent thereof.
5. The principal and interest on the bond do not constitute an indebtedness of the Authority or the State of Iowa or a charge against their general credit or general funds.

Oscar W. Woods

Bond Purchaser or Bank Name

00/00/000

Date

By Oscar W. Woods

Signature of Official of Bank, Contract Seller, or Individual Investor

### **This application cannot be reviewed unless the Authority has received all of the following:**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> \$50 application fee   | <input checked="" type="checkbox"/> Background letter from applicant and lender           |
| <input checked="" type="checkbox"/> Current personal financial statement witnessed by a bank officer and signed by all loan applicants | <input checked="" type="checkbox"/> Completed application form signed by both parties     |
|  | <input checked="" type="checkbox"/> Certificates—pages 5 & 6, if sale from close relative |

# AGRICULTURAL FINANCIAL STATEMENT

Check One

ENTITY:					Individual <input checked="" type="checkbox"/>	
NAME(S):	John Q. and Mary Q. Farmer				Partnership <input type="checkbox"/>	
					Corporation <input type="checkbox"/>	
					Limited Liability Company <input type="checkbox"/>	
ADDRESS:	1234 Johnson Road	Oxley	Brown	IA	50000	
	Street	Town	County	State	Zip Code	
BANK:	Oxley State Bank & Trust	5678 N State Street, Oxley, IA 50000			00/00/0000	
	Bank	Address			Statement Dated:	

I or We furnish the following statement of my of financial condition on the above given date and is certified to be true and correct.

CURRENT ASSETS		CURRENT LIABILITIES	
Cash in Hand and in Bank (checking)	940	To Whom and Collateral	Due Within 12 Months
Savings & Certificates (Sch. A)	4,749	Notes Due This Bank & Others	10,000
Crops and Feed on Hand (Sch. G)	4,500	Payments on Term Debt	11,853
Livestock Held for Sale (Sch. E)	22,500		
Marketable Bonds & Stock (Sch. D)			
Accounts Receivable			
Note and Contracts Receivable			
Cash Invested in Crop	8,450	Accounts Payable (Gas, Feed)	
CCC or Government Payments			
Other Current Assets			
		Cash Rent Due	
		Other Current Liabilities	
		Interest Accrued	5,053
		Credit Card Balance	
		Taxes – Federal, State, & Real Estate	1,350
TOTAL CURRENT ASSETS	41,139	TOTAL CURRENT LIABILITIES	28,256
NET CURRENT POSITION (W. Cap.)	12,283	CA:CL RATIO	1.46
INTERMEDIATE ASSETS		INTERMEDIATE LIABILITIES	
Cash Value Life Insurance (Sch. C)		To Whom and Collateral	Due Beyond 12 Months
Machinery & Equipment (Sch. H)	81,810	Machinery Loans (not Incl. Above)	
Breeding Stock (Sch. F)	45,000	Breeding Stock Loans	4,636
Securities Not Readily Mble.		Term Debt - More Than 1 Year	
Autos	15,000	Other Intermediate Liabilities	3,402
Retirement Accts./Pension Plans (Sch. B)			
Other Intermediate Assets			
TOTAL INTERMEDIATE ASSETS	141,810	TOTAL INTERMEDIATE LIABILITIES	8,038
NET INTERMEDIATE POSITION	133,772	IA:IL RATIO	17.64
LONG TERM OR FIXED ASSETS		LONG TERM LIABILITIES	
Farm Real Estate	240,000		Not Included Above
City Real Estate	205,000	Balance Due on Mortgages	342,000
Other Real Estate		Balance Due on Contracts	
Capital Improvements		To Whom	Annual Pymt. %age rate
Mortgages or Contracts Held			
		TOTAL LONG TERM LIABILITIES	342,000
TOTAL FIXED ASSETS	445,000	FA:LTl RATIO	1.30
NET FIXED POSITION	103,000	TL/TA	0.60
		TOTAL LIABILITIES	378,294
DEBT: WORTH RATIO		PRESENT NET WORTH	249,655
TOTAL ASSETS	627,949	TOTAL LIABILITIES & NET WORTH	627,949

I or We further certify that all the blanks contained in the foregoing statement were completed before I or We signed by inserting information furnished by the undersigned. I or we acknowledge receipt of this instrument.

Date: 00/00/0000

Witness: Oscar W. Woods

Signed: John Q. Farmer

Signed: Mary Q. Farmer

Schedule E & F - Livestock Held for Sale				
Number	Description	Weight	Price	Value
50	Calves	450	1.00	22,500
50	Cows		800	40,000
2	Bulls		2500	5,000
Total				67,500

Schedule I - Real Estate: Include Farm, City & Other Real Estate, Mortgages, Contracts & Grain Equipment. (Fill in 1, 2, 3 & 4 if rented or custom Farmed)					
1. Name of Property:					
2. Acres:					
3. Description:	Legal				
	Section/Lot	30 Acres	City Home		
	Twp./Add'n	Brown County			
4. Type of Lease OR					
5. Name(s) on Title		John & Mary Farmer	John & Mary Farmer		
6. Type of Ownership		Joint tenant	Joint tenant		
7. Year Purchased		2011	2008		
8. Present Market Value		240,000	205,000		
9. Mortgage or Contract		Mortgage	Mortgage		
Total Balance Due		200,000	142,000		

## Oxley State Bank & Trust

---

**5678 N. State Street  
Oxley, Iowa 50000**

### **Sample Letter From The Bank**

IADD Board Of Directors  
2015 Grand Ave  
Des Moines, Iowa 50312

RE: Application for Beginning Farmer Loan

Dear IADD Board Members:

Enclosed you will find an application for the Iowa Beginning Farmer Loan Program in which Oxley State Bank & Trust will be the bond holder for the 120 acre purchase of agricultural land by John Q. Farmer and Mary Q. Farmer in Brown County, Iowa.

The property has a total of 115 tillable acres. The dwelling has been appraised at \$30,000 and there are outbuildings on the property with a value of \$8,000. The contributory value of the dwelling and each building, plus the value of the land portion, is broken down individually on the attached appraisal.

The FSA office shall be lending \$300,000 of the total purchase price with John putting down \$42,105 on the purchase and Oxley State Bank & Trust requesting an IADD BFLP bond amount of \$500,000. John will receive 45% of the purchase price at 1.5% for 20 years fixed and our BFLP of 50% will be 4.00% fixed for 10 years. Using these programs together will provide John with an average weighted interest rate of approximately 3.06% for the first 10 years of the loan. Based on this, in the first 10 years of the loans John will save approximately \$164,000 in interest and a total of approximately \$291,000 over the life of the loans by using these programs versus traditional financing.

John Q. Farmer and Mary Q. Farmer have been customers of Oxley State Bank & Trust since 2004. John is a hard worker and is very knowledgeable about his farm operations. Mary works part-time at the Brown County Hospital and assists her husband in managing their farm business.

Oxley State Bank will finance working capital as needed.

It is a pleasure to have John and Mary as bank customers and we look forward to their continued success in the farming industry.

Sincerely,

*Oscar W. Woods*

Oscar W. Woods  
Loan Officer

Enclosures

## **Sample letter from the Beginning Farmer**

**Dear IADD Board of Directors:**

The attached Beginning Farmer Loan application is being submitted for the purchase of 120 acres of agricultural land and buildings by my wife and I.

Since growing up on a small farm south of Oxley, I have been interested in helping on my family's farm and assisted with all farm chores. In the spring of 2011, I purchased 30 acres of land in Brown County and have also been cash renting land in this vicinity. I feel the addition of this 120 acre parcel, which adjoins the 30 acres I presently own, will help expand my operation into a successful farm business.

As a high school student, I was involved in our local FFA chapter and was also a 4-H member. After high school, I attended Central City Community College and enrolled in the Agri-Business Technology Program. There I had hands-on learning about livestock, crop, and marketing strategies.

My father and I have an agreement that as long as I contribute my labor to his farming operation, I can use his machinery on my acres. This is allowing me to get into farming without huge machinery debt.

My local banker is very supportive of young farmers. My father and I have had several operating loans through this bank in years past.

I would appreciate your consideration of this application.

Sincerely,

*John Z. Farmer*  
*Mary Z. Farmer*